



HYDERABAD FLEXTech LIMITED

(Formerly Known as HBC Flextech Limited)

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**9th ANNUAL REPORT
2000 - 2001**



HYDERABAD FLEXTech LIMITED

HYDERABAD FLEXTech LIMITED
(formerly known as HBC Flextech Limited)

Corporate Information

BOARD OF DIRECTORS

Dr. Abid Hussian	Chairman
Mr. J.S.Krishna Murthy	Vice-Chairman
Mr. J.S.Rao	Managing Director
Mr. O.Swaminatha Reddy	Director
Mr. Harrison Tu	Director
Mr. K.P.Sastry	Director
Mr. J.V.Choudary	Director

AUDIT COMMITTEE

Mr. K.P.Sastry, Chairman
Mr. J.S.Krishna Murthy
Mr. J.V. Choudary

AUDITORS

M/s Brahmayya & Co.,
Chartered Accountants, Hyderabad

BANKERS

State Bank of India
Overseas Branch, Abids
Hyderabad

SHARE TRANSFER AGENTS

Ikon Visions (P) Ltd.
33, Sanali Heavens, 8-3-948
Nagarjuna Nagar, Hyderabad - 500 073

REGISTERED OFFICE & FACTORY

Plot No.40, IDA,
Balanagar, Hyderabad - 500 037



HYDERABAD FLEXTech LIMITED

NOTICE

NOTICE is hereby given that the 9th Annual General Meeting of Shareholders of the Company will be held on Friday, the 31st August, 2001 at 3.30 P.M at The Federation of Andhra Pradesh Chambers of Commerce & Industry, 11-6-841, Red Hills, P.B.No.14, HYDERABAD - 500 004 to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date, the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr.Abid Hussain, who retires by rotation and, being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Sri O.Swaminatha Reddy, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider the appointment of M/s Brahmayya & Co, Chartered Accountants, as Auditors to hold the office till the conclusion of the next Annual General Meeting at such remuneration and terms as may be mutually agreed to between the Board of Directors and Auditor.

On behalf of the Board

J.S.Rao
Managing Director

Place : Hyderabad
Date : 13th June, 2001

NOTES

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy instead of himself/herself and such proxy need not be a member of the Company. Proxy forms to be valid, shall be lodged at the Company's Registered Office at Plot No.40, IDA, Balanagar, Hyderabad-500037 not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 29.08.2001 to 31.08.2001 (both days inclusive).
3. Members are requested to intimate any change in their address quoting their Registered Folio Number.
4. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
5. Shareholders are requested to kindly bring their copies of Annual Report to the Meeting and are also requested to send their queries, if any, on the accounts to Registered Office.



HYDERABAD FLEXTech LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors' present their 9th Annual Report for the year 2000-2001 together with the Balance Sheet as at 31st March, 2001 and the Profit & Loss Account for the year ended on that date.

Financial Results :

	Rs. In Lakhs	
	<u>2000-01</u>	<u>99-2000</u>
Operational Income	146.64	126.54
Operating Profit	(35.35)	(48.71)
Interest & Depreciation	118.28	591.85
Profit/(Loss) for the year	(153.63)	(640.56)

Operations :

Your directors regret to inform you that the year under review has again witnessed a difficult period of marketing set-back. The slow-down in Economy world-over has further hit the Company. We could not make positive strides on account of these circumstances, which are beyond our control. The Company is making constant efforts to improve direct Marketing which is yielding encouraging results. We are confident that with the improvement of external marketing situation, our prospects for future would be better.

Market :

The market for Flex Circuits has suffered a set back due to the South East Asia Economic crisis, and the cut-down of the volumes of the production by the Electronic OEMs like Motorola, etc. The general slackness in the economy was also a reason for the lack of orders.

To combat the situation, the company had started direct marketing and also started concentrating on the domestic sales, and the results of which are likely to flow back in the current year.

This gives us confidence that the Company can certainly expect to achieve better performance in the years to come.

One time settlement with IDBI :

Your Directors are pleased to inform you that the Company's OTS proposal has been accepted by IDBI. In the process of OTS settlement, the Company has got the benefit of waiver of complete interest and penal interest accrued on Term Loan, amounting to Rs.1463.60 lacs. The Company would be required to pay only the principle amount of Term Loan of Rs.1341.70 lacs. The Company while accepting the OTS sanctioned, has paid 20% down payment of Rs. 268.34 lacs. As per the terms of OTS, the balance amount of Rs.1073.36 lacs should be paid in 4 quarterly equal instalments starting from 1st October, 2001 to 1st July, 2002.

Issue of preference shares :

The Members of the Company at their 5th Annual General Meeting held on 27th August, 1997 had approved the issue of 30,00,000 Preference Shares of Rs.10/- each aggregating to Rs. 300 lacs. Accordingly, the Board of Directors of the Company have allotted 26,83,400, 9% Cumulative Redeemable Preference Shares of Rs.10/- each aggregating to Rs. 268.34 lacs to Hyderabad Bottling Company Limited.

The preference shares shall be redeemed on completion of 6th, 7th, 8th & 9th years at Rs. 50 lacs per year and on completion of 10th year, the balance amount of Rs.68.34 lacs.



HYDERABAD FLEXTech LIMITED

Directors :

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Dr Abid Hussian and Sri O.Swaminatha Reddy, retire by rotation and, being eligible, offer themselves for reappointment.

Directors' responsibility statement :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a going concern basis.

Auditors :

M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, the present

Auditors, retire at the ensuing Annual Meeting, and eligible for re-appointment.

Personnel :

Employee relations remained cordial during the year under review. Your Directors place on record their sincere appreciation of the contribution made by the employees of the Company at all levels. As regards, information pursuant to Section 217(2AA) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 (as amended), there are no employees governed by the said provisions.

Additional Information :

Information pursuant to Section 217(1) of the Companies Act, 1956 read with Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed herewith.

Acknowledgments :

Your Directors take this opportunity to thank all the Central and State Government authorities, the Department of Electronics, the Central Excise and Customs officials for their whole hearted co-operation and support in the operation of our Company. Your Directors wish to place on record their appreciation for the invaluable support given by the Industrial Development Bank of India and State Bank of India. Your Directors are also thankful to our Collaborator and the employees of the Company for their hard work and contribution in successfully absorbing the novice technology.

On behalf of the Board

Dr. Abid Hussian
Chairman

Place : Hyderabad
Date : 13th June, 2001



HYDERABAD FLEXTech LIMITED

ANNEXURE TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2000-01

Statutory Particulars

Particulars as per Section 217(1)(e) & (2A) of the Companies Act, 1956

a) Conservation of Energy

Our Company is not required to give the details of the consumption of Power & fuel as our Company do not consume much energy and thus no plans for conserving it, except taking steps to optimize the use with the balanced loading, which we are already adopting.

- b) The Technology imported in the year 1994 had been absorbed fully. There are no foreign technicians on the rolls of the Company.

c) Foreign earnings and Expenditure

(Rs.in Lacs)

2000-2001 1999-2000

Forex earned through		
Product sales	100.88	109.69
Forex expenditure	36.33	27.98

d) Particulars of Employees

There are no employees governed by the provisions of Section 217(2A) of the Companies Act, 1956

On behalf of the Board

Dr. Abid Hussian
Chairman

Place : Hyderabad
Date : 13th June, 2001

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HYDERABAD FLEXTech LIMITED

AUDITORS' REPORT

TO THE SHARE HOLDERS OF
HYDERABAD FLEXTech LIMITED (formerly
HBC FLEXTech LIMITED)

We have audited the attached Balance Sheet of Hyderabad Flextech Limited, (formerly HBC Flextech Limited), Hyderabad (A.P.) as at 31st March, 2001 and the attached Profit & Loss Account for the year ended on that date with the books of the Company and wish to report that.

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books.
3. The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
4. On the basis of written representations from the Directors taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2001, from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956.
5. In our opinion, the Balance Sheet and Profit and Loss Account comply with the Accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
6. Interest for the current year on the amount payable to Industrial Development Bank of

India is not provided. Refer Note No.7 of Schedule 17 - Notes on Accounts.

7. In our opinion and to the best of our information and according to the explanations furnished to us, the said Balance Sheet and Profit & Loss Account read together with the schedules annexed therewith and subject to our comment in para 6 above, give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view.

- i) In so far it relates to the Balance Sheet of the State of Affairs of the Company as at 31st March, 2001.

AND

- ii) In so far as it relates to the Profit & Loss Account the Loss for the year ended on that date.

8. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks, as we considered appropriate, we report hereunder on the matters specified in paragraphs 4 and 5 of the said Order.

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management. There is annual verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and